5 year estimate Low

Table B: Ad	ded Cost of	Medicare Co	overage of C	onsultations	by Telemed	licine from Rural Areas:
					\$ Millions	
				Part B		Part A
Fiscal		Added	Induced	Averted		Averted
Year		Consults	Services	Transfers	Net Cost	Transfers
1999		\$46	\$81	(\$8)	\$119	(\$59)
2000		74	134	(\$12)	\$196	(\$95)
2001		106	194	(\$18)	\$282	(\$136)
2002		144	265	(\$24)	\$385	(\$182)
2003		187	347	(\$31)	\$503	(\$234)

Low Estimate						
	Total					
	Net Cost					
	\$60					
,	\$100					
	\$150					
	\$200					
	\$270					

5 year estimate middle

Table A: Add	Table A: Added Cost of Medicare Coverage of Consultations by Telemedicine from Rural Areas										
						\$ Millions					
				Part B				Part A			
Fiscal		Added	Induced	Averted				Averted			
Year		Consults	Services	Transfers		Net Cost		Transfers			
1999		\$76	\$268	(\$9)		\$335		(\$65)			
2000		106	385	(\$12)		\$479		(\$91)			
2001		141	511	(\$16)		\$637		(\$120)			
2002		182	666	(\$20)		\$828		(\$153)			
2003		228	844	(\$25)		\$1,047		(\$190)			

Total
Net Cost
\$270
\$390
\$520
\$670 \$860
\$860

5 year estimate High

Table C: Ad	ded Cost of	Medicare Co	overage of C	consultations	s by Teleme	dicine from Rural Areas:
					\$ Millions	
				Part B		Part A
Fiscal		Added	Induced	Averted		Averted
Year		Consults	Services	Transfers	Net Cost	Transfers
1999		\$115	\$609	(\$4)	\$720	(\$31)
2000		148	805	(\$5)	\$948	(\$40)
2001		186	1,013	(\$6)	\$1,193	(\$50)
2002		231	1,269	(\$8)	\$1,491	(\$61)
2003		281	1,561	(\$10)	\$1,832	(\$73)

High Estimate							
	Total						
	Net Cost						
	\$690						
	\$910						
	\$1,140						
	\$1,430						
	\$1,760						

P 2 T		eneficiaries (Rural	MSA	Total
P 2 T		eneficiaries (rtarar		
P 2 T		eneficiaries (- Otal
2 T	hysician Su		000)		8.874	22.445	31.319
		pplier Reimb	oursement				
3 P	otal Service	es Per Enroll	ee		\$755.74	\$1,130.08	\$1,024.02
<u> </u>	Primary Care	e Visits Per E	inrollee		\$119.43	\$187.45	\$168.18
4 C	Consultations	s Per Enrolle	е		\$21.75	\$42.43	\$36.57
5 N	lon Consult,	, Non-Primar	y Services		\$614.56	\$900.20	\$819.27
6 In	ncrease In R	Rural Physicia	an Cost if Ru	ral Consults	= Urban Consul	ts	2.7%
7 In	nduced non-	-consult, non	-primary ser\	vices, if Rura	I = Urban		37.8%
8			onsults:Cons	sults+Primary	, Number of Vis	its	9.1%
9			Twice Produ	ct			6.9%
0	Outpatient H	ospital & Ind	ependednt La	ab Reimburs	ement		
10 T	otal Reimbu	ursement			\$344.11	\$421.36	\$399.47
		ease, if Rura					22.4%
12		Proportion C	onsults:Prim Twice Produ		of Visits		9.1% 4.1%
1 19	992 MCBS	Cost and Us	e File				
			OACT 1992				
					nbursement to p	rimary care and	consults
)/line 2 Rural				
,		Cost and Us)/line 2 Rural				
			e riie ral)/line 10 R	ural			
,					⊥ Γ 1992 Estimate		

Tah	۸ ک ۱	diuetment to	nereased Ha	a of Dhysisia	n Services D	ue to Tolomo	dicino	
rab	ie ∠. A(ajustriient to i	ncreased US	e oi Priysicia	ii Services D	ue to releme	cucine	
1	Increa	sa In Rural P	hysician Pay	ments if Rura	ı al = Urban Us	20		2.7%
- 1	пыса	So ili Kulai F	Trysician Fay	mente ii ixula	i – Orban Os			2.1 /0
2		Assume that	t half of cons	l ultations hav	e half of allov	ved fee		2.1%
		Assume tha	Thair or coris		e riali di allov	ved lee		2.170
3		Lower expos	sure to nrima	rv care as en	trance to me	dical system		1.8%
- 3		LOWEI CAPO	sare to prima		trarice to me	dicai system		1.070
4		Phase in as	Physicians F	Secome Accu	stomed to Us	e & Facilities	Permit	
		i nasc in as	1 Hysicians L	Coome Accu		oc & r aciitica	, r Cillin	
				Year	1	0.33		0.6%
				Todi	2	0.43		0.8%
					3	0.43		1.0%
					4	0.63		1.2%
					5	0.73		1.3%
					3	0.73		1.570
	Effect	on Ancillary	Sarvicas					
	LITECT	On Ancillary	Sei vices					
5	Increa	sed Use of A	ncillary Servi	ces Induced	hy Consults			6.9%
3	increa	360 036 01 A	liciliary Servi	ces maacea	by Consults			0.370
6		More limited	l local facilitie	<u>.</u>				5.2%
U		Wore minice	i local facilitie					5.270
7		Lower expos	sure to prima	ry care as en	trance to me	dical evetem		4.7%
,		Lower expos	sure to prima	Care as err	trance to me	dicai system		4.7 70
8		Phase in as	Physicians F	Secome Accu	stomed to Us	a & Facilities	Permit	
U		i nasc in as	1 Hysicians L	Coome Accu		oc & r aciitica		
				Year	1	0.33		1.5%
				TCai	2	0.43		2.0%
					3	0.43		2.5%
					4	0.63		2.9%
					5	0.03		3.4%
					3	0.73		3.4 /0
1	See Ta	⊥ ahle 1						
		ids on actual	reimhurseme	ent nolicy				
		f line 2	TOTTIDUISETTE	The policy				
			erations are	l already in pla	ce: New less	coetly eyeter	ns may acce	lerate growth
	See Ta			ineauy iii pia	ICG. INGW IGSS	Social System		iciale giowli
			nrollee still b	as to travel for	r some reco	mmended to	ete	
	Same		THORES SUIT II		71 301116 1600			
		as s al estimate of	phase in ret	<u> </u>				
Ø	CELLIC	a esumate of	priase ili rate	,				

if reimburse	d

Table 3

Tab	le 3: Increase	ed Use of Ou	tpatient Hosp	ital Services	& Indpenden	t Lab Due to	Telemedicine	
		00.0	'' D					4.40/
1	Increase in	OP Payment	s if Rural = U	rban Use				4.1%
2		More limited	l local facilitie	es 				3.1%
3		Lower expos	sure to prima	ry care as en	trance to med	dical system		2.8%
4		Phase in as	Physicians B	Become Accu	stomed to Us	e & Facilities	Permit	
				Year	1	0.33		0.9%
					2	0.43		1.2%
					3	0.53		1.5%
					4	0.63		1.7%
					5	0.73		2.0%
1	See Table 1							
2	Estimate: 7	5%						
3	Same as line	e 3 Table 2						
4	Central estir	nate of phase	e in rate					

Tabl	e 4: Medicare	e Part B Add	ed Cost for T	elemedicine	, Amounts in	\$ Millions		
	Physician an	d other servi	ces paid by f	ee schedule				
			Total		Proportion		New	
	Fiscal		Physician		of utilization		Consult	
	Year		Payments (1)	in Rural Area	as	Payments (2)	
			,				, ,	
	1999		\$49,436		25.2%		\$76	
	2000		52,502		25.5%		\$106	
	2001		56,056		25.7%		\$141	
	2002		60,302		25.9%		\$182	
	2003		64,819		26.0%		\$228	
	2003		04,019		20.070		ΨΖΖΟ	
	Outpatient &	Independen	t Lab					
			Total OP Ho				Induced	
	Fiscal		And Ind. Lab)			Other	
	Year		Payments (4	.)			Services (5)	
	1999		\$25,079		33.4%		\$77	
	2000		28,961		33.8%		\$117	
	2001		31,037		34.1%		\$155	
	2002		34,658		34.3%		\$208	
	2003		38,640		34.5%		\$270	
			, -				* -	
1	OAct Project	ions. Decem	ber 1996					
	Table 2, line			portion of nor	n-HMO enroll	ees in rural a	reas	
	Table 2, line							
	OAct Project				T THIVIS CITION		1000	
	Table 3, line			portion of nor	-HMO enroll	oos in rural a	reac	
J	Table 5, line	J times (4) ti					licas	
Dron	artian of non	LIMO utiliza	tion in Dural	Araga: UMA	anrallaga ma	ath urban		
rιυρ	ortion of non	-i-iviO utiliZa	uon in Kural	AI EaS. FIVIO	emonees mo	osily urban		
	4000		4000	0000	0004	2000	0000	
	1992		1999	2000	2001	2002	2003	
	0.0000		0.0547700	0.0540540	0.0570000	0.050005	0.0000000000000000000000000000000000000	
	0.23206		0.2517706	0.2546546	0.2570098	0.258805	0.260320234	
		% in HMOs						Rel use ph
			Total	HMOs	non-hmos	Rural non		rel use op
	1992	0.042	33682	1414.644		9131.6617	0.283	0.23206
	1993	0.047	34360	1614.92	32745.08	9315.477	0.284484785	0.2332775
	1994	0.055	34988	1924.34	33063.66	9485.7366	0.286893122	0.2352524
	1995	0.066	35619	2350.854	33268.146	9656.8096	0.290271949	0.238023
	1996	0.08					0.29468913	0.2416451
	1997	0.093						0.2451086

Table 4

1998	0.105	37178	3903.69	33274.31	10079.476	0.30292067	0.2483949
1999	0.117	37610	4400.37	33209.63	10196.598	0.307037373	0.2517706
2000	0.127	38056	4833.112	33222.888	10317.514	0.31055441	0.2546546
2001	0.135	38482	5195.07	33286.93	10433.009	0.31342659	0.2570098
2002	0.141	38902	5485.182	33416.818	10546.877	0.315615832	0.258805
2003	0.146	39337	5743.202	33593.798	10664.811	0.3174637	0.2603202

Induced	
Other Services (3	`
Services (3)	,
\$191	
\$268	
\$356	
\$458 \$574	
ΨΟΊΨ	
0.82	
1.088	
0.307904 0.3095194	-
0.3033194	_
0.3158159)
0.3206218	
0.3252172	•

(0.3295777
(0.3340567
(0.3378832
(0.3410081
	0.34339
(0.3454005

Table 5

Table 5: Proportion	n of Discharges that are	e Transfers to O	ther Short Term	Hospitals	
Bed Size	For Profit	Government	Non-Profit		Total
6-99	7.6%	4.7%	5.2%		5.5%
100-199	4.8%	4.5%	3.7%		3.9%
200-299	2.3%	2.4%	3.3%		3.1%
300-499	2.2%	8.7%	2.7%		3.1%
500+	0.0%	4.0%	1.5%		1.7%
Total	4.5%	5.0%	3.3%		3.6%
Source: 1990 Nation	onal Hospital Discharge	e Survey			

@ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	Tab	le 6: Savings from Red	duced Transfers f	rom Rural Ho	snitals			
2 Proportion of discharges that are transfers from rural hospitals 5.5% 3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals < 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Associated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	Tub	o. Cavings nom rec	adoca Transicio	Tom Rarai ne	Spitais			
2 Proportion of discharges that are transfers from rural hospitals 5.5% 3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals < 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Associated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$12 2001 \$135,694 \$120 \$16 2002 \$145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection Iline 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
2 Proportion of discharges that are transfers from rural hospitals 5.5% 3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals < 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Associated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
2 Proportion of discharges that are transfers from rural hospitals 5.5% 3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 3 Proxied: rate for hospitals < 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita 5 (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Savings from Avoided Transfers (\$millions) Hospital Associated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # Iine 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	1	Proportion of Dischard	nes that are from	Rural Hospita	als			20.9%
3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Fiscal Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		Troportion of Bioonary	goo that are from	Trairai i loopia				20.070
3 Assumed proportion after telemedicine fully phased in 3.9% 4 Savings per transfer as % of discharge cost 50.0% 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Associated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	2	Proportion of dischard	nes that are transf	ers from rura	l hospitals			5 5%
4 Savings per transfer as % of discharge cost 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita 5 (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Fiscal Payments Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$112 2001 \$135,694 \$120 \$160 2002 \$145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		1 Toportion of dioonary	goo triat are trailer		i noopitalo			0.070
4 Savings per transfer as % of discharge cost 5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospital for (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Fiscal Payments Payments Year Payments Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$112 2001 \$135,694 \$120 \$166 2002 \$145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	3	Assumed proportion a	after telemedicine	fully phased	in			3 9%
5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$12 2001 \$135,694 \$120 \$16 2002 \$145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	H	Assumed proportion to	artor tolorricalorric	rany priasea				0.070
5 Savings as a percent of Hospital Payments 0.2% 1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$12 2001 \$135,694 \$120 \$16 2002 \$145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	4	Savings per transfer a	as % of discharge	cost				50.0%
1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Estimated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		Cavingo per transier e	do 70 of discridinge	0001				00.070
1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospitals (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Estimated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
1 1994, from HCFA Review Statistical Supplement, 1996 2 Proxied: rate for hospitals < 100 beds, 1990 NHDS 3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospita 5 (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Hospital Estimated Part B Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	5	Savings as a percent	of Hospital Paym	ents				0.2%
Proxied: rate for hospitals < 100 beds, 1990 NHDS Proxied: rate for hospitals 200-500 beds, 1990 NHDS Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospital (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Fiscal Hospital Fiscal Payments Year Payments* Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$120 \$2001 \$135,694 \$120 \$2002 \$145,127 \$153 \$20 \$2003 \$155,011 \$190 \$25 * December 1996 OAct Projection line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		Oavings as a percent	or riospitar r ayırı	Citto				0.270
Proxied: rate for hospitals < 100 beds, 1990 NHDS Proxied: rate for hospitals 200-500 beds, 1990 NHDS Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospital (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Fiscal Hospital Fiscal Payments Year Payments* Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$120 \$2001 \$135,694 \$120 \$2002 \$145,127 \$153 \$20 \$2003 \$155,011 \$190 \$25 * December 1996 OAct Projection line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
Proxied: rate for hospitals < 100 beds, 1990 NHDS Proxied: rate for hospitals 200-500 beds, 1990 NHDS Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospital (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Fiscal Fiscal Hospital Fiscal Payments Year Payments* Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 \$126,630 \$91 \$120 \$2001 \$135,694 \$120 \$2002 \$145,127 \$153 \$20 \$2003 \$155,011 \$190 \$25 * December 1996 OAct Projection line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	1	1004 from HCEA Po	viow Statistical Su	innlament 10	206			
3 Proxied: rate for hospitals 200-500 beds, 1990 NHDS 4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospitals (1)*(2-3)*(4) Savings from Avoided Transfers (\$millions) Hospital Total Fiscal Hospital Fiscal Part B Fiscal Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 \$155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in					990			
4 Estimate: transferring hospital would be paid only DRG instead of partial plus DRG for receiving hospital 5 (1)*(2-3)*(4)								
Savings from Avoided Transfers (\$millions) Savings from Avoided Transfers (\$millions)						f nortial plus	DDC for room	ivina boonit
Savings from Avoided Transfers (\$millions)			nospital would be		RG instead o	i partiai pius	DRG for fede	iving nospita
Hospital	5	(1) (2-3) (4)						
Hospital								
Hospital		0						
Associated Fiscal Hospital Estimated Part B		Savings from Avoided	ransfers (\$milli	ions)				
Associated Fiscal Hospital Estimated Part B								
Associated Fiscal Hospital Estimated Part B								
Total		Hospital						
Fiscal Hospital Estimated Payments Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # # line 5 above times total hospital cost times phase in % from table 2 # @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
Year Payments * Savings # Avoided @ 1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection * # line 5 above times total hospital cost times phase in % from table 2 * @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
1999 \$118,309 \$65 \$9 2000 126,630 \$91 \$12 2001 135,694 \$120 \$16 2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in							•	
2000		Year	Payments *		Savings #		Avoided @	
2000								
2001		1999			·		·	
2002 145,127 \$153 \$20 2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		2000	126,630				\$12	
2003 155,011 \$190 \$25 * December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
* December 1996 OAct Projection # line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		2002	145,127		\$153		\$20	
# line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in		2003	155,011		\$190		\$25	
# line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in								
# line 5 above times total hospital cost times phase in % from table 2 @ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	*	December 1996 OAct	Projection					
@ Total physician cost * line 5 * portion of Physician cost in Hospital * phase in	#			nes phase in	% from table	2		
	@							
portion IP = \$28.0 bill /\$88.9 bill = 0.3149606 (HCFA Review, Table 58)							ew, Table 58)	

ll .	